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March 23, 2005

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, TW-A325
Washington, DC 20554

***Re: Federal State Joint Board on Universal Service, CC Docket 96-45 and
Developing Unified Intercarrier Compensation Regime, CC Docket 01-92***

Dear Ms. Dortch,

On March 22, 2005 the undersigned, Rod Deyonker, Ken Minzenberger, and Bill Shaughnessy of BellSouth met with Narda Jones, Cheryl Callahan, Carol Pomponio, and Thomas Buckley of the Wireline Competition Bureau. The purpose of the meeting was to follow up on issues raised during a December 14, 2004 exparte meeting regarding the ICF's Universal Service contribution proposal.

The discussion focused on variances between the NRUF assigned number category and a company's actual working telephone numbers. BellSouth believes that the NRUF database is not appropriate for USF contribution purposes and that if the Commission decided to use NRUF, significant modifications would have to be made to ensure that only the carrier's retail working numbers are assessed. Rather than modifying an existing report designed for a wholly different purpose, BellSouth urged the Commission to require carrier's to report their working telephone numbers based on a clear and common definition developed expressly for USF contributions. All material used during the meeting is attached.

This notice is being filed pursuant to Sec. 1.1206(b)(2) of the Commission's rules. If you have any questions regarding this filing please do not hesitate to contact me.

Sincerely,



Mary L. Henze

cc: N. Jones
C. Pomponio
C. Callahan
T. Buckley



USF Telephone Number Contribution Methodology

03-22-05

>> NRUF/Working Telephone Number (WTN) Discussion

- USF Assessment of Carriers Using Telephone Numbers should be based on working telephone numbers of a carrier's retail end users
- Carriers who assign telephone numbers to wholesale services or who have ported out numbers should not be a collection agent for another carrier's telephone number assessment
- NRUF "assigned" numbers category does not meet either of the above criteria

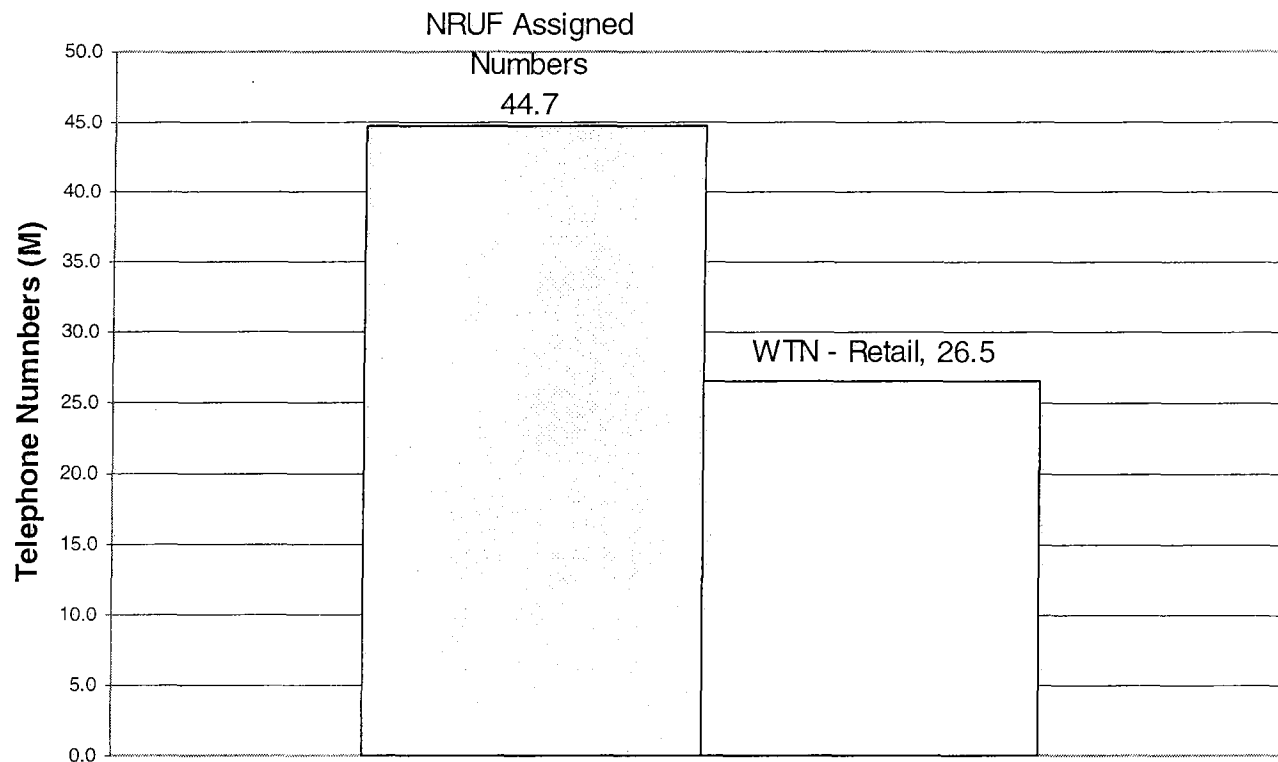
>> NRUF “Assigned” Numbers

- BST reported 44.7M assigned numbers for December 2004
- Included in that total were:
 - 3.1M UNE-P and Resold numbers
 - 3.0M Ported Out numbers
 - 1.2M Estimated non-working telephone numbers associated with dedicated NXX codes
- The difference between NRUF “assigned” numbers and working telephone numbers (WTNs) of BST retail customers is substantial (18.2M telephone numbers)

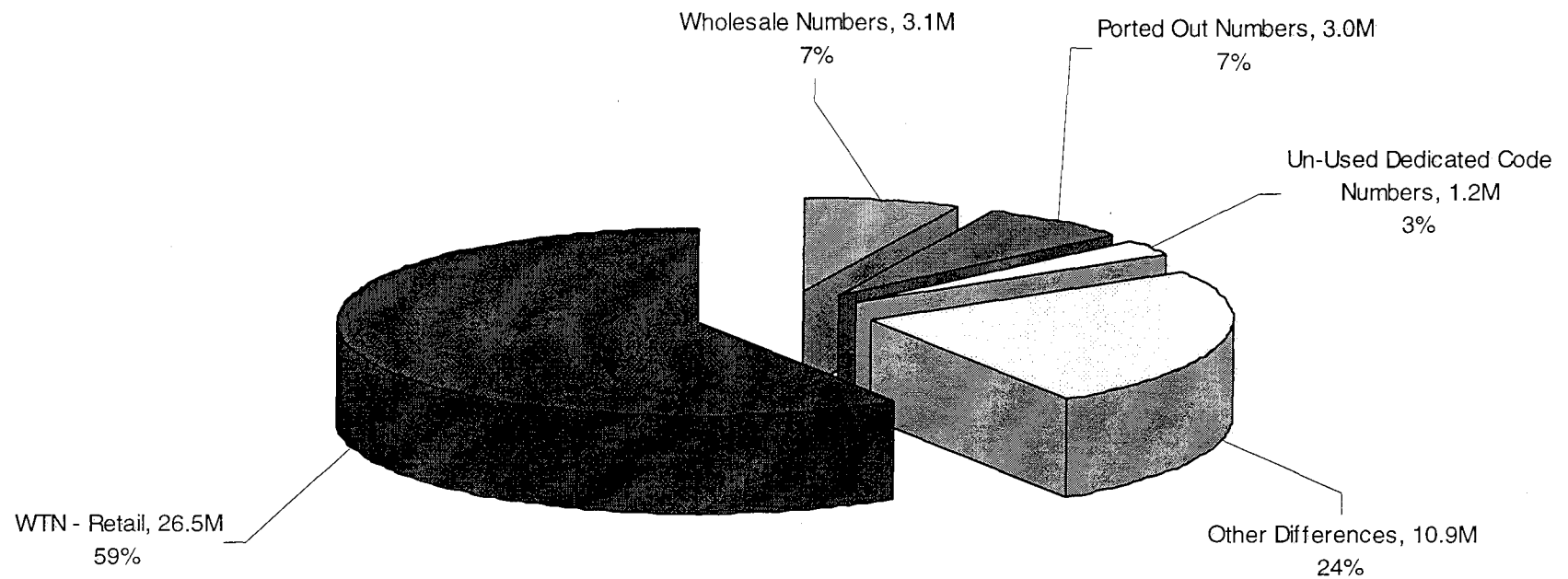
>> Working Telephone Numbers (WTNs)

- BST's Integrated Customer Database (a CRIS extract) counted 26.5M WTNs for retail services for December 2004
 - As a point of information, BST had 19.1M retail lines in service at the end of 2004

>> BST's NRUF "Assigned" Numbers are 69% Greater Than BST's WTNs



>> Breakdown of Numbering Universe



>> NRUF Data Is Not Appropriate for USF Allocation

- “Ported-out” numbers are included in the “Assigned” number category on a service provider’s NRUF.
 - BellSouth has a large quantity of ported out numbers;
 - NPAC could be used to identify “ported” numbers but steps would need to be taken to identify pooled numbers, intra-service provider ported and numbers ported to migrate numbers from Type 1 interconnection arrangements.
- Numbers used by resellers and numbers assigned to UNE-P services are reported as “Assigned” by the underlying carrier.
- Service providers do not report “Intermediate” numbers the same.
 - NANC IMG on “Intermediate” numbers concluded that service providers are not consistent on how they report intermediate numbers.
 - This results in inconsistencies among service providers in NRUF “assigned” numbers counts.

>> NRUF Data Is Not Appropriate for USF Allocation

- Service providers incurred significant costs to implement systems and processes to facilitate NRUF reporting which was driven by number resource optimization needs.
- Before deciding to the expand /change the purpose of NRUF, a complete impact and technical analysis is needed.
- The FCC and service providers must understand the full impact of using NRUF for USF purposes:
 - Will the frequency of NRUF increase ?
 - Will new NRUF categories be needed ?
 - Will existing NRUF categories need refinement ?
 - How will the current issues (such as Intermediate numbers) with NRUF be resolved ?
 - Will ported out numbers be reported differently ?
- FCC has not done a complete analysis to make a decision on using NRUF for USF purposes.

>> Summary of NRUF/WTN Discussion

- NRUF “assigned” numbers are not an appropriate allocation basis for assessing a carrier’s USF payment obligations
- WTNs are a more appropriate means of allocating a carrier’s USF payment obligations
 - Commission needs to establish clear and common definition of working telephone numbers

>> Transitioning Long Distance (LD) Assessment

- Using a telephone number USF assessment mechanism abruptly shifts the USF obligation so that stand-alone providers of long distance services are not assessed
- For a transition period of 3 years after implementation of a telephone number assessment mechanism, LD services should be separately identified and continue to be part of the basis for assessment of a carrier's USF obligations

>> Transitioning Long Distance Assessment

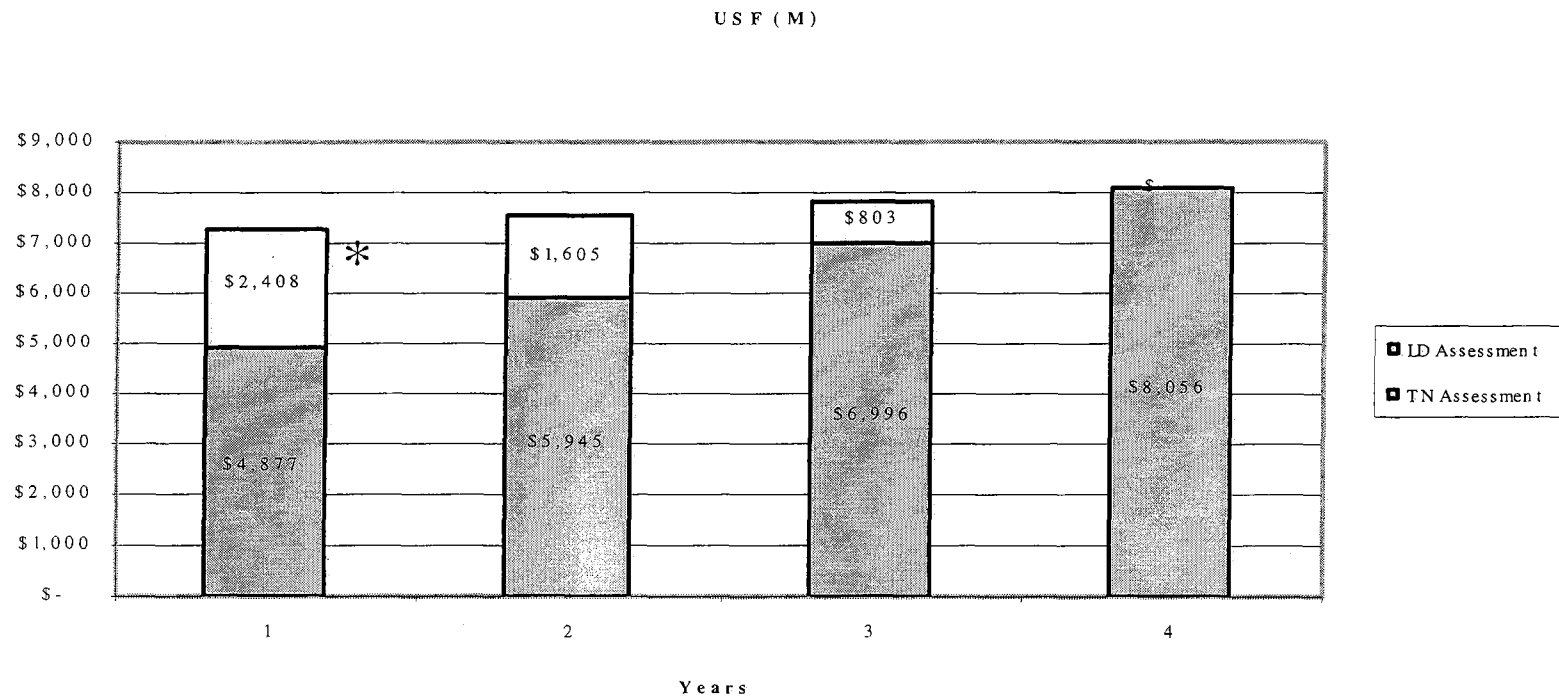
- One method of transitioning LD assessment would involve the following steps:
 - Estimate LD interstate revenues, including wireless
 - Using the USF 1Q05 contribution factor, calculate an LD contribution amount
 - Estimate LD connections consistent with the LD revenues above
 - Calculate an assessment amount per LD unit using deflation factors of 75%, 50%, and 25% for years 1, 2, & 3, respectively

>> Transitioning Long Distance Assessment

- The USF % recovered from telephone numbers increases during years 2, 3, & 4 as the amount recovered from LD services is phased out
- At year 4, assessment would be based entirely on telephone numbers
- Competitive neutrality is accomplished between wireline and wireless users

>> Transitioning Long Distance Assessment

Estimated Total USF Fund Breakdown



* - In year 1, the LD assessment is 75% of the calculated LD contribution amount

>> Transitioning Long Distance Assessment

Estimated End User Recovery Amount (Single Line)

